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Report of the Trade and Development Board on its sixty-fourth executive session*

Geneva, 6-8 February 2017

* The present document is an advance version of the report of the Trade and Development Board on its sixty-fourth executive session, held at the United Nations Office at Geneva from 6 to 8 February 2017. It will appear in final form, together with the reports of the sixty-third and sixty-fourth sessions, the thirty-first special session and the sixty-fifth executive session of the Board, as *Official Records of the General Assembly, Seventy-second Session, Supplement No. 15* (A/72/15).

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Introduction

The sixty-fourth executive session of the Trade and Development Board was held at the Palais des Nations in Geneva, Switzerland, from 6 to 8 February 2017. In the course of the session, the Board held four plenary meetings.

I. Action by the Trade and Development Board

A. *The Least Developed Countries Report 2016: The Road to Graduation and Beyond – Making the Most of the Process*[1]

Agreed conclusions 530 (EX-LXIV)

The Trade and Development Board,

Welcoming the continued efforts of UNCTAD towards implementing priorities in the Programme of Action for the Least Developed Countries for the Decade 2011–2020 (Istanbul Programme of Action), and taking into account the Nairobi Maafikiano,

1. *Notes* that limited progress has been made towards graduation, making the objective of enabling half of the least developed countries to meet graduation criteria by 2020 challenging;

2. *Expresses concern* that, in the five years since the adoption of the Istanbul Programme of Action, the least developed countries as a group achieved annual growth below the target of 7 per cent necessary to significantly reduce extreme poverty and put those countries on the path of sustained economic growth and development;

3. *Further encourages* Governments of the least developed countries to put forward comprehensive policies and strategies to effectively address the socioeconomic challenges, marginalization and underdevelopment of those countries, and welcomes the support of development partners in this regard, including through the implementation of the 2030 Agenda for Sustainable Development;

4. *Underscores* the importance of empowering the least developed countries to build their productive capacities with a view to the structural transformation of their economies, build resilience to external shocks, and achieve broad-based, inclusive and sustainable economic growth and development consistent with the Sustainable Development Goals;

5. *Emphasizes* that UNCTAD work on the least developed countries should inter alia include exploring ways and means of reducing their vulnerability, and expresses appreciation for ongoing UNCTAD work and assistance to the least developed countries in this regard;

6. *Emphasizes* the importance of enhanced support to the least developed countries to enable them to achieve the goals and targets of the Istanbul Programme of Action by 2020, to reach a higher level of sustainable growth and development, as well as for the least developed countries and their development partners to make best use of existing initiatives and programmes, including relevant ministerial decisions of the World Trade Organization;

[1] As agreed at the sixty-third session of the Trade and Development Board, the present agreed conclusions encompass agenda item 5 of that session, Contribution of UNCTAD to the implementation of the Programme of Action for the Least Developed Countries for the Decade 2011–2020, as well as agenda item 2 of the sixty-fourth executive session of the Board.

7. *Emphasizes* the importance of harnessing financing from all appropriate sources in support of development, including domestic resource mobilization, official development assistance, foreign direct investment and private remittances;

8. *Expresses appreciation* to bilateral donors for their continued support, in particular to those that have met the commitment by many developed countries of official development assistance targets of 0.15–0.20 per cent of gross national income to the least developed countries, and encourages others to make their best efforts to meet the agreed targets as contained in the Istanbul Programme of Action, underscoring the importance of enhancing the quality of aid to the least developed countries;

9. *Reaffirms* that UNCTAD, within its mandate should strengthen its work in support of the least developed countries through its pillars of research and analysis, consensus-building and technical cooperation, for the further implementation of all relevant priority areas of the Istanbul Programme of Action, including on market access, rules of origin and the services waiver;

10. *Requests* UNCTAD, within the framework of the existing expert group meetings, to organize a single-year expert meeting dedicated to discussion of ways and means of improving the implementation of priority areas agreed in the Istanbul Programme of Action, and focused on its goals and targets related to productive capacities and doubling the share of the least developed countries in global exports;

11. *Invites* donors and other developing countries in a position to do so to replenish the UNCTAD Trust Fund for the Least Developed Countries, which serves as an important tool for UNCTAD to quickly and effectively respond to increasing demands from the least developed countries for its work;

12. *Notes The Least Developed Countries Report 2016: The Path to Graduation and Beyond – Making the Most of the Process*, and takes note of the policy recommendations contained therein, recognizing the importance of policies towards graduation with momentum.

Closing plenary meeting
8 February 2017

B. Other items requiring action by the Board

(Agenda item 3)

Report of the Trade and Development Commission

1. The Trade and Development Board took note of the report of the Trade and Development Commission on its eighth session, as contained in document TD/B/C.I/40.

Report of the Investment, Enterprise and Development Commission

2. The Board took note of the report of the Investment, Enterprise and Development Commission on its eighth session, as contained in document TD/B/C.II/33, and endorsed the agreed conclusions contained therein.

C. Other business

(Agenda item 4)

3. Under the agenda item, the Trade and Development Board agreed on a two-phased approach, proposed by the President of the Board, to be undertaken with a view to implementing the Nairobi Maafikiano (TD/519/Add.2).

4. The Board agreed to the following components for phase I of the operationalization of the new intergovernmental groups of experts, in accordance with subparagraphs 100 (r) and (s) of the Nairobi Maafikiano, and related issues:

(a) Of the six existing multi-year expert meetings, the topics of the multi-year expert meetings would remain as currently established for the Multi-year Expert Meeting on Investment, Innovation and Entrepreneurship for Productive Capacity-building and Sustainable Development, Multi-year Expert Meeting on Commodities and Development, Multi-year Expert Meeting on Trade, Services and Development and Multi-year Expert Meeting on Transport, Trade Logistics and Trade Facilitation. The remaining two multi-year expert meetings, the Multi-year Expert Meeting on Promoting Economic Integration and Cooperation and the Multi-year Expert Meeting on Enhancing the Enabling Economic Environment at All Levels in Support of Inclusive and Sustainable Development, would be merged into one multi-year expert meeting. That merged multi-year expert meeting would be the Multi-year Expert Meeting on Enhancing the Enabling Economic Environment at All Levels in Support of Inclusive and Sustainable Development, and the Promotion of Economic Integration and Cooperation, with a consequent merging of the topics it would cover.

(i) Accordingly, the terms of reference of the multi-year expert meetings would likewise remain the same, with the exception of applicable portions of the terms of reference of the two merged multi-year expert meetings which would be applied to the respective components of the newly merged multi-year expert meeting, subject to their review to prevent unnecessary duplication.

(ii) A topic for the single-year expert group meeting for 2017 was expected to be an outcome of the sixty-fourth executive session of the Board.[2]

(b) Regarding the proposed reflection exercise,[3] the President of the Board would prepare a survey, with the assistance of the secretariat, focused on the aspects that would help UNCTAD to improve its methods of work and put it on a better footing to fully implement the Nairobi Maafikiano, as well as better prepare for the next quadrennial conference. The survey would be circulated to all member States, with the results to be summarized and likewise circulated to member States for their information. All member States were encouraged to participate in the survey.

(c) The Board also agreed that the draft format of the agreed conclusions on LDCs circulated to member States was acceptable and that consultations would begin on their substance, with a view to reaching a conclusion during the sixty-fourth executive session of the Trade and Development.

(d) The Board agreed that, based on the good progress already made, work on the terms of reference for the two new intergovernmental groups of experts would be concluded by 28 February 2017, along with the work programme for the multi-year expert meetings for the next four years.

(e) The Board further committed to resume work on those terms of reference immediately after the conclusion of the executive session, and concentrate efforts during the executive session on reaching consensus on agreed conclusions on LDCs.

5. In broad terms, the Board agreed that phase II of the operationalization of the Nairobi Maafikiano, namely the revitalization of the UNCTAD intergovernmental machinery, would consist of a series of brainstorming sessions. The Board agreed that phase II would not begin until phase I had been completed in its entirety. The approach and timeline for phase II would be detailed as soon as possible after the conclusion of phase I by the end of February 2017.

[2] See chapter I above.

[3] See TD/B/63/7, in particular chapter II, sections A and H.

II. President's summary

A. Opening plenary

6. In his opening statement, the Deputy Secretary-General of UNCTAD emphasized that there were growing signs that the targets of the Programme of Action for the Least Developed Countries for the Decade 2011–2020 (Istanbul Programme of Action) for growth in gross domestic product and for graduation would be missed. The situation was an urgent call for renewed and enhanced international support towards the least developed countries (LDCs). While the flows of official development assistance to LDCs amounted to more than $20 billion a year, LDCs were currently also losing almost an equivalent amount in terms of export revenues per year due to restrictive measures imposed by countries of the Group of 20. He noted that how LDCs graduated from the category was at least as important as when they graduated, and recalled that technology remained the "missing link" in the development "toolbox" of those countries. He also called upon donors to replenish the UNCTAD Trust Fund for the Least Developed Countries.

7. The Deputy Secretary-General furthermore urged delegations to reach a constructive agreement on the operationalization of the two intergovernmental groups of experts that had been established at the fourteenth session of the United Nations Conference on Trade and Development in Nairobi in 2016, and member States to clarify how UNCTAD should deliver on the operationalization of those intergovernmental groups of experts.

8. During the UNCTAD secretariat presentation on *The Least Developed Countries Report 2016: The Path to Graduation and Beyond – Making the Most of the Process*, the newly appointed Director of the UNCTAD Division for Africa, Least Developed Countries and Special Programmes expressed his commitment to supporting member States in the achievement of their development objectives. The Chief of the UNCTAD Least Developed Countries Section summarized the key messages and main policy recommendations of the report, stressing that statistical projections suggested only 16 countries were expected to fully meet graduation criteria by 2021. He also underscored that existing international support measures for LDCs appeared to be insufficient and ineffective vis-à-vis the development challenges of LDCs.

9. The representatives of the following regional groups and delegations then made statements: the United Republic of Tanzania, speaking on behalf of the Group of 77 and China; Bangladesh, on behalf of the least developed countries; the Sudan, on behalf of the African Group; Barbados, on behalf of the Group of Latin American and Caribbean Countries; Pakistan, on behalf of the Asia–Pacific Group; the European Union, on behalf of the European Union and its member States; Egypt, on behalf of the Arab Group; Japan, on behalf of the JUSSCANNZ group; the Philippines, on behalf of the Association of Southeast Asian Nations; Barbados, on behalf of the small island developing States; Estonia, on behalf of Group D; China; Uganda; Ethiopia; Algeria; Nepal; the State of Palestine; Tunisia; Morocco; Chad; the United States of America; and the United Kingdom of Great Britain and Northern Ireland.

10. Delegations commended the UNCTAD secretariat for the quality and relevance of the research and insightful policy analysis in *The Least Developed Countries Report 2016*, and for suggesting relevant and concrete policy recommendations, which most of them endorsed. Some delegations praised the report for explicitly addressing gender-related issues. Most delegations noted with concern, however, that to date only four countries had been able to graduate from the LDC category. Many delegations urged the international community to enhance the effectiveness of international support measures towards LDCs, matched by proper monitoring and evaluation of those measures. One delegate called for effective operationalization of the LDC services waiver under the General Agreement on Trade in Services.

11. Several delegations and delegates regretted the global growth slowdown and the lingering presence of downside economic risks. The growth performance of LDCs had already been affected, dropping to below the 7 per cent target of the Istanbul Programme of Action. The delegations also expressed concern regarding the projection that the graduation targets of the Istanbul Programme of Action were unlikely to be met by 2021. The situation further highlighted the need for enhanced international support measures for LDCs, as LDCs were the battleground for winning or losing 2030 Agenda for Sustainable Development. Some delegates noted a concern that most African LDCs would not qualify for graduation by 2021. Another delegate stressed the efforts made by his country to exit the category and to achieve sustainable development.

12. The representative of one regional group called for effective operationalization of the United Nations Technology Bank for the Least Developed Countries. The representative of another regional group stated that synergies should be promoted and duplication avoided when operationalizing the Technology Bank. Another regional group called for the replenishment of the UNCTAD Trust Fund for the Least Developed Countries. Another regional group noted that LDCs should retain their policy space in order to effectively achieve targets set in the Istanbul Programme of Action and the 2030 Agenda for Sustainable Development. The representative of another regional group noted the special role that women should play in structural transformation in LDCs. The representative of one association underscored the importance of sharing home-grown experiences and best practices that could be beneficial to the development of LDCs.

13. Several delegations urged effective implementation of the Nairobi Maafikiano, for a revitalized UNCTAD and to operationalize the intergovernmental groups of experts agreed upon during the fourteenth session of the Conference.

14. Some delegates expressed concern in relation to growing uncertainties regarding the multilateral system, and reiterated a call for more constructive international cooperation, including through South–South cooperation and close policy coordination at the regional level. Another delegate noted the vulnerability of LDCs to swings in commodity prices and the need for increased economic diversification. The representative of one regional group highlighted the special economic and environmental vulnerabilities of small island developing States that were also LDCs, and expressed concern about the future of their financial industries.

15. Some delegations highlighted that, in line with the Addis Ababa Action Agenda, LDCs had a primary role to play in mobilizing finance for development. Though official development assistance flows to LDCs were significant, they also noted that foreign direct investment and remittances were equally sizeable and should be paid due consideration, while underscoring the important role of the private sector. One delegation stated that the concerns and advancement of LDCs should be at the core of UNCTAD work.

16. Many delegations urged meeting participants to reach an agreement constructively on budget and financial issues, to be integrated into the agreed conclusions of the session, with a view to enabling UNCTAD to implement its mandate in line with the new priorities set out in the Nairobi Maafikiano, in particular paragraph 55 (dd). They also called for UNCTAD to be provided with adequate resources in that regard.

17. In response to the budgetary concerns related to paragraph 55 (dd), the UNCTAD secretariat provided an overview of the process for the proposed 2018–2019 programme biennium budget that had been submitted to United Nations Headquarters in New York, following the decisions taken at the seventy-fourth session of the Working Party on the Strategic Framework and the Programme Budget and the sixty-third session of the Trade and Development Board in December 2016. Currently, the Office of Programme Planning, Budget and Accounts, under the responsibility of the Secretary-General of the United Nations, was reconciling individual proposals with the overall planning figure approved by the General Assembly of the United Nations in December 2016. As per past practice, after the United

Nations published the budget fascicle for consideration by the Advisory Committee on Administrative and Budgetary Questions, the Fifth Committee and the General Assembly, a briefing would be held in May 2017 to transmit the main elements of the budget proposal of the United Nations Secretariat. That mechanism ensured full alignment of the work of the Trade and Development Board with the prerogatives of the General Assembly, and its subsidiary bodies, as well as with the responsibility of the Secretary-General of the United Nations to prepare a consolidated budget proposal for the entire United Nations Secretariat to be considered by the Member States.

18. One delegation requested clarification on the impression that the budget for UNCTAD had been increased, rather than decreased based on a General Assembly document from December 2016. The UNCTAD secretariat explained that, as part of the process for financing for development and implementation of the 2030 Agenda for Sustainable Development, UNCTAD had received temporary funding specifically to support the Sustainable Development Goals. In response to a request from another delegation, the secretariat confirmed that a briefing on the approved budget would also be held in Geneva for UNCTAD member States, as the budget for the United Nations continued to face reductions that could affect implementation, and the final budget for UNCTAD was determined based on the instructions received from the United Nations Secretariat.

B. Panel discussion: *The Least Developed Countries Report 2016: The Road to Graduation and Beyond – Making the Most of the Process*

(Item 2)

19. The Trade and Development Board held a panel discussion on sustainable energy for structural transformation in LDCs. In his opening statement, the President of the Board introduced the panel which consisted of experts from the private sector, the United Nations Economic Commission for Europe, the University of Vermont (United States of America), the International Institute for Sustainable Development, the Environment and Trade Unit of the United Nations Environment Programme and the UNCTAD secretariat. The Chief of the UNCTAD Least Developed Countries Section opened the discussion, highlighting the importance of energy for structural transformation of LDCs and for their progress towards achieving the Sustainable Development Goals.

20. The panellists' presentations covered the following issues: (a) the energy architecture of LDCs and the policy and technology choices of LDCs; (b) the energy extractive sector in LDCs; (c) the gender dimension underpinning the positive impact of access to energy on long-term development in LDCs; (d) deployment of robust energy policy choices for LDCs; (e) the potential of renewable energy in a future energy mix of LDCs; and (f) the role of trade and environment measures in sustainable energy for LDCs. Important policy questions addressed were whether LDCs could leapfrog to a sustainable energy architecture and the enablers and barriers facing them in doing so; whether there were important relationships between gender dynamics and increased access to energy in LDCs; whether LDCs could learn from successes and failures from other developing countries; whether renewable energy sources could play a significant role in the future electricity mix of LDCs and the factors to take into account; and how trade and environmental considerations could be factored in to influence the energy mix of LDCs.

21. Several delegates commended UNCTAD on the thematic focus of the panel discussion. They highlighted the critical and cross-cutting nature of energy for structural transformation and development in LDCs. They also commended UNCTAD for promoting synergies on renewable energy sources across the United Nations Secretariat, as evidenced by the participation of presenters from other UNCTAD divisions and United Nations bodies and programmes. One delegate was appreciative that the panel presentations also highlighted examples of failures in renewable energy projects, as failures represented an important source

of learning. Another delegate praised UNCTAD for advancing the debate on renewable energy sources and contributing to the evolution of development thinking on sustainable development and globalization. He also emphasized the need to avoid narrow debates in this respect.

22. Several delegates highlighted their individual country experiences in advancing access to energy and the adoption of renewable energies. They underlined the combined role of public investment and regulation as an effective strategy to expand access to isolated areas, while simultaneously crowding in private investment and stimulating the local economy, thus creating jobs and providing energy for businesses. One delegate cited examples of realized and planned investments in wind, solar, hydropower and geothermal energy aimed at increasing the share of renewable energies.

23. Several delegates cited the lack of financing as a major constraint on energy expansion in LDCs and developing countries. One delegate described financing for climate change adaptation and mitigation as one of the most challenging areas for developing countries, with available resources still significantly inadequate. He cited the various pillars that underpinned his country's proposal to mobilize and facilitate financing for renewable energy sources, including a one-stop window and fast-track facility for grant funding; a financier network and a donor club bringing together private and multilateral financiers; and promoting green capital markets. Another delegate suggested that LDCs and other developing countries could manage energy demand by prioritizing diversification into sectors that were less reliant on energy as one way to work around the financing problem. He also pointed to the possibility that LDCs and other developing countries had of leapfrogging to renewable energy sources in the same way that Central and Eastern European countries had leapfrogged to information technologies.

24. One delegate highlighted the linkages between biofuels and value addition in the agricultural sector and, by extension, their contribution to structural transformation in appropriate contexts. The contributions of UNCTAD to the debate on biofuels were praised in that respect.

25. Another delegate emphasized technical assistance and capacity development to develop bankable national projects, including by promoting South–South cooperation at the regional level. Another delegate also requested technical assistance from UNCTAD in the energy field in LDCs.

26. In their concluding remarks and responses to issues raised in the discussion, the panellists noted that climate change was an example of a common problem requiring common solutions. There was a clear trend in cost reductions in renewable technologies that offered significant opportunities for leapfrogging. Most energy investments of LDCs already combined public and private sector resources, and affordability of electricity continued to be an important issue for ensuring universal access. Many energy projects also aimed for large gains in the shortest time but it would be necessary to raise awareness of local solutions with a long-term view. Finally, there was no silver bullet to address energy-related challenges but rather a portfolio of solutions, which encompassed not only access and energy generation issues, but also distribution, energy efficiency, sustainable mobility and a circular economy.

III. Organizational matters

A. Adoption of the agenda and organization of work
(Agenda item 1)

27. At its opening plenary meeting, on 6 February 2017, the Trade and Development Board adopted the provisional agenda for the session as contained in document TD/B/EX(64)/1. Accordingly, the agenda for the executive session was as follows:

1. Adoption of the agenda and organization of work

2. The Least Developed Countries Report 2016: The Road to Graduation and Beyond – Making the Most of the Process

3. Other items requiring action by the Board

4. Other business

5. Report of the Trade and Development Board on its sixty-fourth executive session

B. Report of the Trade and Development Board on its sixty-third executive session

(Agenda item 5)

28. At the closing plenary meeting, the Trade and Development Board authorized the completion of the report after the conclusion of the meeting under the authority of the President and the Rapporteur.

Annex

Attendance[4]

1. Representatives of the following States members of the Trade and Development Board attended the session:

Albania
Algeria
Austria
Azerbaijan
Bangladesh
Barbados
Brazil
Brunei Darussalam
Bulgaria
Canada
China
Congo
Djibouti
Ecuador
Ethiopia
Finland
France
Gabon
Georgia
Ghana
Greece
Haiti
India
Indonesia
Iraq
Japan
Jordan
Kenya
Kuwait
Lesotho
Madagascar
Mexico
Nepal
Oman
Pakistan
Philippines
Poland
Russian Federation
Senegal
Serbia
Sudan
Switzerland
Syrian Arab Republic
The former Yugoslav Republic of Macedonia
Togo
Tunisia
Uganda
United States of America

2. Representatives of the following member of the Conference attended the session:

Holy See

3. Representatives of the following non-member observer State of Trade and Development Board attended the session:

State of Palestine

4. The following intergovernmental organizations were represented at the session:

Organization of Islamic Cooperation
South Centre
West African Economic and Monetary Union

[4] This attendance list contains registered participants. For the list of participants, see TD/B/EX(64)/INF.1.

5. The following United Nations organs, bodies and programmes were represented at the session:

Economic Commission for Europe

6. The following specialized agencies or related organizations were represented at the session:

Food and Agriculture Organization of the United Nations

7. The following non-governmental organizations were represented at the session:

General category

International Institute for Sustainable Development